

Company's registered number: 05367727

**ACTIVTRADES PLC
(formerly ActivTrades Limited)**

REPORT AND FINANCIAL STATEMENTS

**For the year ended
31 December 2009**



ACTIVTRADES PLC

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ACTIVTRADES PLC

DIRECTORS AND ADVISERS

DIRECTORS

A Pusco
A Draghi

SECRETARY

C Forster

REGISTERED OFFICE

110 Middlesex Street
London
E1 7HY

BANKERS

Barclays Bank Plc
240 Whitechapel Road
London
E1 1BS

AUDITORS

Nexia Smith & Williamson
Chartered Accountants
25 Moorgate
London
EC2R 6AY

ACCOUNTANTS AND TAX ADVISORS

Smith & Williamson
Chartered Accountants
25 Moorgate
London
EC2R 6AY

COMPANY'S REGISTERED NUMBER

05367727

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2009

Activities

The principal activity of the Company is providing brokerage services in designated investments. The Company is authorised and regulated by the Financial Services Authority as a BIPRU €730,000 investment firm.

Review of business

The Company experienced strong growth during 2009 due to successfully targeted marketing campaigns and investment in strengthening the sales force. Although not as marked as 2008, there was some periodic volatility in exchange rates encouraging retail clients to participate in the movement of prices. The Company benefitted from this as a market maker in the Foreign Exchange Markets (Currency Trading) as well in the offering of trading on Stock Indices and commodities on a non physical delivery basis (CFD – Contract For Difference).

Continuing the team development from 2008, senior appointments were made in Operations, Finance and HR. In line with Company policy, these people were recruited with the knowledge that they had held senior positions within similar companies in the industry.

The move to our City of London offices in March 2009 from our original Docklands base has been a success. It has allowed a greatly increased headcount, easier recruitment of skilled individuals and provides a comfortable yet professional space for our people to perform.

Based on the successful business model 2009 produced a result of £1,017,045 (2008 £842,441).

As reported in 2008, the Company was able to benefit from the high market volatility. 2009 proved far less volatile. However, the high growth of our client base led to a greatly increased turnover. Our ongoing partnerships with introducing brokers is key to this growth.

Identifying and delivering the relevant amount of resources for growth in geographically prioritised markets (Germany, France and Spain) has been successful. The Company expects this to continue into the New Year.

In July 2009 the Board decided to take the step to re-register from a Limited Company to a Public Limited Company. Whilst there are no plans for the Company to float on the London Stock Exchange in the near future, the financial strength and corporate governance of ActivTrades is again proven by this change of status.

New initiatives

The Board has realised the importance of creating a physical presence in our core geographical markets. 2009 saw us attend many trade fairs in Europe and one in the Middle East. In early 2010 we will open our first branch office, in Milan.

Key performance indicators

Success in Online Trading of OTC (Over The Counter) Products is generally measured by profit before tax, number of new accounts and total new deposits. The Company saw a significant growth in all three during the year 2009.

ACTIVTRADES PLC

DIRECTORS' REPORT (continued)

Key performance indicators (continued)

The significant increase in business was reflected both in the principal business and as introducing broker to a related company, earning income on a volume related basis

Financial risk management

Systems and controls are in place to secure the managing and mitigation of risks at all times possible

Monitoring of financial risk management is not delegated to a sub-committee due to the size of the firm at the present stage, but handled by senior management

Price risk

The Company is benefitting from the business model of trading in ultra liquid instruments, where a price is available at all times within a split second. This is in strong contrast to the equities markets where sudden drops in individual share prices have caused brokers, especially in CFDs on shares, to struggle obtaining a price. The Company has no plans to offer CFDs on individual shares nor has it used any financial derivatives to hedge exposure during the year 2009.

Credit risk

All transactions by clients are based on a cleared funds basis – no credit is provided against proof of funds. Any transaction is pre-trade calculated for margin requirement to hold the position. If positions at any point in time are below the required margin threshold (30% of margin), systems are in place to reduce all exposure automatically. Markets can however move to an extent where client accounts fall into a deficit, although this only happens on extremely unusual circumstances (central bank intervention and Asian time zone trading on smaller currency pairs). Funds due to the firm can be collected through operational and legal proceedings if necessary.

Company and Client Funds at ActivTrades are held with one FSA Regulated and one EU regulated Market Counterparty for banking purposes. The Company is looking to diversify the number of Settlement and Banking Counterparties during 2009.

Liquidity risk

Solvency and capital adequacy requirements are monitored and assured within the framework and regulations set out by the Financial Services Authority.

ACTIVTRADES PLC

DIRECTORS' REPORT (continued)

Financial risk management (continued)

Market risk

Majority of business takes place in Foreign Exchange (currency trading) and as such Company deposits are exposed to fluctuating currency rates. The Company converts deposited amounts at attractive market rates and does not use any sort of forward or future contract to hedge against foreign exchange risks.

Pillar 3 disclosures are available from the Company's registered office.

Financial risk management objectives and policies are discussed in further detail in notes 22 and 23 of the financial statements.

Results for the year end and dividends

The profit on ordinary activities after taxation was £1,017,045 (2008 £842,441). A dividend of £700,000 was declared by the directors after the year end (2008 £300,000).

Directors

The directors of the Company during the year were

A Pusco

T Friis (appointed 3 March 2009 and resigned as a director on 1 February 2010)

D Buonsanto (resigned 3 March 2009)

F Cirulli (resigned 3 March 2009)

G Sassoon (resigned 3 March 2009)

On 1 February 2010 A Draghi joined the board.

Disclosure of information to the auditors

Each director of the Company has confirmed that, in fulfilling their duties as a director they have

- taken all necessary steps in order to make themselves aware of any information relevant to the audit and to establish that the auditors are aware of that information, and
- so far as they are aware, there is no relevant audit information of which the auditors have not been made aware.

This confirmation is given and should be interpreted in accordance with provisions of s418 of the Companies Act 2006.

ACTIVTRADES PLC

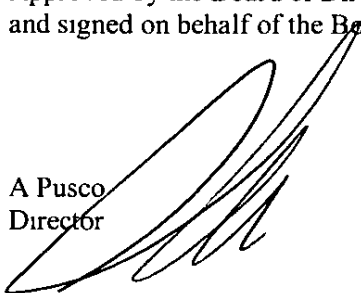
DIRECTORS' REPORT (continued)

Auditors

A resolution to re-appoint the auditors, Nexia Smith & Williamson, will be proposed at the next Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

A Pusco
Director



Company's registered number: 05367727

ACTIVTRADES PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Nexia Smith & Williamson

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTIVTRADES PLC

We have audited the financial statements of ActivTrades Plc for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Nexia Smith & Williamson

Natasha Lee
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

Date 18 May 2010

ACTIVTRADES PLC**PROFIT AND LOSS ACCOUNT for the year ended 31 December 2009**

	Notes	2009 £	2008 £
Turnover	1	4,474,674	2,468,104
Administrative expenses		(3,046,657)	(1,309,589)
Operating profit	2	1,428,017	1,158,515
Amortisation of fair value adjustment	11	3,583	(2,418)
Interest receivable		1,815	29,504
Profit on ordinary activities before taxation		1,433,415	1,185,601
Tax charge on profit on ordinary activities	5	(416,370)	(343,160)
Profit for the financial year	13	1,017,045	842,441

All of the Company's operations are classed as continuing and there were no recognised gains or losses, in either year, other than the result for the year

ACTIVTRADES PLC

BALANCE SHEET as at 31 December 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible fixed assets	7	101,396	48,790
Intangible fixed assets	8	25,016	35,368
		<hr/>	<hr/>
		126,412	84,158
		<hr/>	<hr/>
Current assets			
Long positions		687,334	171,524
Debtors	9	1,958,303	753,092
Cash at bank		171,647	1,069,965
		<hr/>	<hr/>
		2,817,284	1,994,581
Creditors:			
Short positions		(22,557)	(30,814)
Amounts falling due within one year	10	(825,163)	(891,778)
		<hr/>	<hr/>
		(847,720)	(922,592)
		<hr/>	<hr/>
Net current assets		1,969,564	1,071,989
		<hr/>	<hr/>
Total assets less current liabilities		2,095,976	1,156,147
Creditors: amounts falling due after more than one year	11	(26,367)	(49,875)
		<hr/>	<hr/>
Net assets		2,069,609	1,106,272
		<hr/>	<hr/>
Capital and reserves			
Called-up share capital	12	500,000	500,000
Equity component of compound financial instrument	11	-	53,708
Profit and loss account	13	1,569,609	552,564
		<hr/>	<hr/>
Shareholders' funds	19	2,069,609	1,106,272
		<hr/>	<hr/>

The financial statements were approved by the directors on
Signed on behalf of the Board of Directors

A Pusco
Director

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ACTIVTRADES PLC**CASH FLOW STATEMENT for the year ended 31 December 2009**

	Notes	2009 £	2008 £
Net cash (outflow)/inflow from operating activities	16	(340,864)	795,985
Returns on investment and servicing of finance			
Interest received		1,815	29,504
Taxation		(336,749)	-
Capital expenditure			
Payments to acquire tangible fixed assets		(122,520)	(40,190)
Cash (outflow)/inflow before financing		(798,318)	785,299
Financing			
Repayment of long term loan		(100,000)	-
(Decrease)/increase in cash in the year	17	(898,318)	785,299

ACTIVTRADES PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2009

1 Accounting policies

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practices. The more important accounting policies adopted are described below.

(a) Accounting convention

The financial statements have been prepared under the historical cost convention, modified by the revaluation of derivative financial instruments measured at fair value and financial instruments at fair value through profit and loss measured at fair value.

(b) Depreciation

Fixed assets are stated at cost less depreciation and less impairment.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment	3 years
Office furniture	3 years

(c) Amortisation

Cost of a software license and other directly attributable costs have been capitalised and amortised in equal instalments over the life of the licence which is 5 years. Provision is made for any impairment.

(d) Translation of foreign currencies

Transactions in foreign currencies have been translated at the rate ruling at the date of the transaction. Assets and liabilities in foreign currencies have been translated at the rate ruling at the balance sheet date. Exchange variances arising from the above treatment have been accounted for directly within the profit and loss account.

(e) Deferred taxation

Deferred tax is provided for on a full provision basis on all timing differences, which have arisen but not reversed at the balance sheet date. Deferred tax assets are recognised to the extent that they are recoverable, that is, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Any assets and liabilities recognised have not been discounted.

(f) Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual instalments over the period of the leases.

(g) Turnover

Turnover represents the net of realised and unrealised gains and losses arising from trading in foreign currency financial instruments, recognised on a trade date basis, and brokerage fees.

ACTIVTRADES PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

1 Accounting policies (continued)

(h) Long and short positions of dealing positions

The terms “long” and “short” positions refer to the aggregate of foreign exchange currency financial instruments arising from a net bought and a net sold position respectively

Positions are valued at their fair value based on the market rate. Changes in fair value of derivatives are charged or credited to the profit and loss account

The long and short positions of foreign exchange contracts represent financial assets and liabilities and as such have been valued at fair value in accordance with FRS 26

(i) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method

Trade and other payables, including a long term loan, are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. In arriving at the effective interest rate, management considered interest rates which would be available for equivalent bank loans for similar types of businesses. As a result the directors believed that 15% will be appropriate for the valuation of its long term loan

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

ACTIVTRADES PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

2	Operating profit is stated after charging/(crediting)	2009 £	2008 £
	Depreciation	69,914	35,823
	Amortisation	10,352	10,352
	Fees payable to the Company's auditor for the audit of the Company's annual accounts	20,500	20,000
	Fees payable to the Company's auditor and its associates for other services		
	1 - Tax services	4,250	4,000
	Operating leases	96,013	29,097
	Foreign exchange losses/(gains)	89,029	(197,261)

3 Employee information

The average number of persons, including directors, employed by the company during the year was.

Number	Number
25	18

Staff costs (including directors)
- wages and salaries
- social security costs

£	£
1,037,567	538,091
113,947	61,333
1,151,514	599,424

4 Directors' emoluments

The total emoluments of the directors who served in the year were as follows

	£	£
Aggregate emoluments	147,382	186,202

ACTIVTRADES PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

5	Taxation charge	2009 £	2008 £
	UK corporation tax based on the profit for the year at 28% (2008 28.5 %)	420,163	343,160
	Adjustment in respect of the previous period	(6,412)	-
		<hr/>	<hr/>
	Current tax charge	413,751	343,160
	Deferred tax charge	2,619	-
		<hr/>	<hr/>
	Tax on profit on ordinary activities	416,370	343,160
		<hr/>	<hr/>
	<i>Tax reconciliation</i>		
	Profit on ordinary activities before tax	1,433,415	1,185,601
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 28.5 %)	401,356	337,896
	<i>Tax effects of</i>		
	Expenses not deductible for tax purposes	18,683	2,742
	Adjustments in respect of previous periods	(6,412)	-
	Capital allowances in excess of depreciation	(3,377)	(3,558)
	Other timing differences	3,501	6,412
	Tax losses utilised	-	(332)
		<hr/>	<hr/>
		413,751	343,160
		<hr/>	<hr/>
	The deferred tax liability relating to capital allowances in excess of depreciation and other short term timing differences is recognised as follows		
		2009 £	2008 £
	At 1 January	-	-
	Profit and loss account charge	2,619	-
		<hr/>	<hr/>
	At 31 December (note 10)	2,619	-
		<hr/>	<hr/>
	There was no unrecognised deferred tax asset as at 31 December 2009 (2008 £nil)		
6	Dividends		
	Dividends of £nil per ordinary 'A' share (2008 £1.20)	-	300,000
		<hr/>	<hr/>

ACTIVTRADES PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

7	Tangible fixed assets	Computer equipment £	Office furniture £	Total £
	Cost			
	At 1 January 2009	98,779	26,232	125,011
	Additions	55,699	66,821	122,520
	Disposals	-	(26,232)	(26,232)
		<hr/>	<hr/>	<hr/>
		154,478	66,821	221,299
		<hr/>	<hr/>	<hr/>
	Depreciation			
	At 1 January 2009	54,701	21,520	76,221
	Charge for the year	48,297	21,617	69,914
	Disposals	-	(26,232)	(26,232)
		<hr/>	<hr/>	<hr/>
	At 31 December 2009	102,998	16,905	119,903
		<hr/>	<hr/>	<hr/>
	Net book value			
	At 31 December 2009	51,480	49,916	101,396
		<hr/>	<hr/>	<hr/>
	At 31 December 2008	44,078	4,712	48,790
		<hr/>	<hr/>	<hr/>
8	Intangible fixed assets			Licence £
	Cost			
	At 1 January 2009 and 31 December 2009			51,758
				<hr/>
	Amortisation			
	At 1 January 2009			16,390
	Charge for the year			10,352
				<hr/>
	At 31 December 2009			26,742
				<hr/>
	Net book value			
	At 31 December 2009			25,016
				<hr/>
	At 31 December 2008			35,368
				<hr/>

ACTIVTRADES PLC**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2009
(continued)**

9	Debtors	2009 £	2008 £
	Trade debtors	1,852,446	750,842
	Other debtors	63,717	-
	Prepayments and accrued income	42,140	2,250
		<hr/>	<hr/>
		1,958,303	753,092
		<hr/>	<hr/>

Included in other debtors is an amount of £48,250 (2008 £nil) that relates to a rent deposit which is receivable after more than one year

10	Creditors: amounts falling due within one year	2009 £	2008 £
	Trade creditors	30,705	-
	Other creditors	29,520	1,200
	Corporation tax	418,652	341,649
	Other taxation and social security	33,499	82,636
	Accruals and deferred income	310,168	466,293
	Deferred tax	2,619	-
		<hr/>	<hr/>
		825,163	891,778
		<hr/>	<hr/>

11	Creditors amounts falling due after more than one year	£	£
	Long term loan from the parent company, at par	-	100,000
	Less Equity component	-	(53,708)
	Add Amortisation of fair value adjustment	-	3,583
	Accruals	26,367	-
		<hr/>	<hr/>
	Long term loan at amortised cost	26,367	49,875
		<hr/>	<hr/>

As at 31 December 2008, the loan was unsecured, interest free and repayable not less than five years from the lender giving notice. During the year, the long term loan, and equity component were repaid in full. The fair value adjustment for the amortisation was released to the profit and loss account on repayment.

The directors adopted provisions of FRS 25 "Financial Instruments – Presentation" in respect of the financial instrument. The directors were of the opinion that the long term loan which the Company received from its parent Company contained an equity element, and as result the liability component was calculated by discounting the relevant cash flows from the loan. The remaining difference with the nominal value of the loan was included in equity as a separate reserve. In deciding on the appropriate discount rate the directors considered interest rates for similar loans and businesses, and came to the conclusion that 15% would be appropriate for the calculation.

ACTIVTRADES PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2009 (continued)

12	Called up share capital	2009	2008
		£	£
	Issued, allotted and fully paid		
	250,000 Ordinary A shares of £1 each	250,000	250,000
	250,000 Ordinary B shares of £1 each	250,000	250,000
		<hr/>	<hr/>
		500,000	500,000
		<hr/>	<hr/>

Ordinary A and B shares rank pari passu with the exception that only ordinary A shares are entitled to a dividend

13	Profit and loss account	2009
		£
	1 January	552,564
	Profit for the financial year	1,017,045
		<hr/>
	At 31 December	1,569,609
		<hr/>

14 Related party transactions

During the year, Activperformance SA charged the Company £54,887 in respect of marketing costs (2008 £111,398) No amounts are outstanding as at 31 December 2009 (2008 £nil) A Pusco is the sole shareholder of Activperformance SA

15 Ultimate controlling party

The directors consider A Pusco to be the ultimate controlling party

16	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2009	2008
		£	£
	Operating profit	1,428,017	1,158,515
	Depreciation	69,914	35,823
	Amortisation	10,352	10,352
	Increase in debtors	(1,205,211)	(459,238)
	Increase in long positions	(515,810)	(163,396)
	(Decrease)/increase in creditors	(119,869)	186,964
	(Decrease)/increase in short positions	(8,257)	26,965
		<hr/>	<hr/>
	Net cash (outflow)/inflow from operating activities	(340,864)	795,985
		<hr/>	<hr/>

ACTIVTRADES PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended to 31 December 2009 (continued)

17	Reconciliation of net cash flow to movement in net funds		£	£
	(Decrease)/increase in cash in the year		(898,318)	785,299
	Decrease in debt in the year		100,000	-
	Movement in funds in the year		(798,318)	785,299
	Net funds at 1 January		969,965	184,666
	Net funds at 31 December		171,647	969,965
18	Analysis of net funds	At 1		At 31
		January		December
		2009	Cash flow	2009
		£	£	£
	Cash at bank	1,069,965	(898,318)	171,647
	Debt due after more than one year	(100,000)	100,000	-
		969,965	(798,318)	171,647
19	Reconciliation of movements in shareholders' funds		2009	2008
			£	£
	Profit for the financial year		1,017,045	842,441
	Equity component of a compound financial instrument		(53,708)	-
	Dividends declared		-	(300,000)
	Net movement in shareholders' funds		978,661	542,441
	Opening shareholders' funds		1,106,272	563,831
	Closing shareholders' funds		2,069,609	1,106,272

20 Contingent liabilities

The Company had no contingent liabilities at 31 December 2009 (2008 £nil)

ACTIVTRADES PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended to 31 December 2009 (continued)

21 Operating lease commitments

At the year end, the Company had annual commitments under operating leases as follows

	Land and buildings	
	2009	2008
	£	£
For leases expiring		
Less than 1 year	31,417	-
Two to five years	81,360	16,290
	<hr/>	<hr/>

ACTIVTRADES PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended to 31 December 2009 (continued)

22 Financial risk management

The principal financial risks to which the Company is exposed are foreign currency exchange rate risk, interest rate risk, liquidity risk and credit risk. The directors have approved policies for the management of these risks.

Classification of financial instruments

The tables below set out the Company's accounting classification of each class of financial assets and liabilities.

Financial assets

At 31 December 2009

	Designated at fair value through profit and loss £	Loans and receivables £	Total carrying value £
Long positions	687,334	-	687,334
Trade debtors	-	1,852,446	1,852,446
Cash	-	171,647	171,647
Other debtors	-	63,717	63,717
	<hr/> 687,334	<hr/> 2,087,810	<hr/> 2,775,144

At 31 December 2008

	Designated at fair value through profit and loss £	Loans and receivables £	Total carrying value £
Long positions	171,524	-	171,524
Trade debtors	-	750,842	750,842
Cash	-	1,069,965	1,069,965
Other debtors	-	2,250	2,250
	<hr/> 171,524	<hr/> 1,823,057	<hr/> 1,994,581

Trade, other debtors and cash have short times to maturity. For this reason, their carrying amounts at the year end approximate to their fair values.

ACTIVTRADES PLC

**NOTES TO THE FINANCIAL STATEMENTS for the year ended to 31 December 2009
(continued)**

22 Financial risk management (continued)

Financial liabilities

At 31 December 2009

	Designated at fair value through profit and loss £	Measured at amortised cost £	Total carrying value £
Trade creditors	-	30,705	30,705
Short positions	22,557	-	22,557
Other creditors and accruals	-	334,857	334,857
	22,557	365,562	388,119

At 31 December 2008

	Designated at fair value through profit and loss £	Measured at amortised cost £	Total carrying value £
Short positions	30,814	-	30,814
Other creditors and accruals	-	467,493	467,493
Long term loan	-	49,875	49,875
	30,814	517,368	548,182

Trade, other creditors and accruals generally have short times to maturity and so the values reported approximate to their fair values

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**NOTES TO THE FINANCIAL STATEMENTS for the year ended to 31 December 2009
(continued)**

22 Financial risk management (continued)

Financial assets which are past due or impaired

As at 31 December 2009, no financial assets were impaired (2008 £nil) As at 31 December 2009, no financial assets were past due but not impaired (2008 £nil)

Market risk and sensitivity analysis

Market risk arises from the Company's use of tradable foreign currency financial instruments It is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes to the foreign exchange rates

Based on the distribution of transactions across the principal currency pairs, responsible for the core income of the firm, it has been determined it is earned in one major area being Euro As at 31 December 2009, the Company had material open positions and therefore there was exposed to some market risk This was not the case in 2008

A 5% movement in foreign exchange rates would result in a gain or loss of £78,706

A 10% movement in foreign exchange rates would result in a gain or loss of £157,413

Liquidity risk

In managing liquidity risk, the main objective of the Company is to ensure that it has the ability to pay all of its liabilities as they fall due The Company monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due The table below shows the undiscounted cash flows on the Company's financial liabilities on the basis of their earliest possible contractual maturity

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2009 (continued)

22 Financial risk management (continued)

Liquidity risk (continued)

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay

	Current £	Less than 30 days £	30-60 days £	60-90 days £	90-120 days £	Greater than 120 days £	Total £
At 31 December 2009							
Trade creditors	30,705	-	-	-	-	-	30,705
Other creditors and accruals	334,857	-	-	-	-	-	334,857
	<u>365,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>365,562</u>
At 31 December 2008							
Other creditors and accruals	300,000	-	167,493	-	-	-	467,493
Long term loan	-	-	-	-	-	100,000	100,000
	<u>300,000</u>	<u>-</u>	<u>167,493</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>567,493</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 DECEMBER 2009 (continued)

22 Financial risk management (continued)

Liquidity risk (continued)

The following tables detail the Company's remaining contractual maturity for its derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay

	Current £	Less than 30 days £	30-60 days £	60-90 days £	90-120 days £	Greater than 120 days £	Total £
At 31 December 2009							
Long positions	687,334	-	-	-	-	-	687,334
Short positions	(22,557)	-	-	-	-	-	(22,557)
	<u>664,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>664,777</u>
At 31 December 2008							
Long positions	171,524	-	-	-	-	-	171,524
Short positions	(30,814)	-	-	-	-	-	(30,814)
	<u>140,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,710</u>

**NOTES TO THE FINANCIAL STATEMENTS for the period year 31 DECEMBER 2009
(continued)**

22. Financial risk management (continued)

Credit risk

The Company's credit risk is primarily attributable to its trade receivables as cash balances of the Company are kept in reputable banks. As at 31 December 2009, trade receivables amounted to £1,852,446 (2008: 750,842) and cash balances were £171,647 (2008: £1,069,965). However, the maximum amount clients can trade is equal to money deposited in their accounts with the Company, and the Company has mechanisms to ensure the clients do not make losses higher than the relevant deposits. As a result management believes credit risk to be low and monitors it on an on-going basis.

Interest rate risk

The Company does not have any interest bearing borrowings and accordingly changes in interest rates do not immediately affect the cost base. A long term loan received from a related party is interest free, but a judgemental discount rate was applied for valuing the loan at amortised cost. However, the rate is fixed and thus will not follow possible fluctuations in market interest rates, thus avoiding any further impact on the financial performance of the Company.

**NOTES TO THE FINANCIAL STATEMENTS for the period year 31 DECEMBER 2009
(continued)**

22. Financial risk management (continued)

Currency risk

Foreign currency position of the Company is as follows

At 31 December 2009

	EURO	USD	CHF	Total in foreign currencies
	£	£	£	£
Long positions	565,438	86,778	5,385	657,601
Trade debtors	833,064	158,154	7,238	998,456
Cash	19,960	32,700	59,837	112,497
Short positions	(21,198)	(1,113)	0	(22,311)
Creditors	(170,094)	(2,021)	0	(172,115)
	<hr/>	<hr/>	<hr/>	<hr/>
Currency mismatch	1,227,170	274,498	72,460	1,574,128
	<hr/>	<hr/>	<hr/>	<hr/>

At 31 December 2008

	EURO	USD	Other currencies	Total in foreign currencies
	£	£	£	£
Long positions	109,464	35,357	26,125	170,946
Trade debtors	530,639	46,611	52,875	630,125
Cash	692,851	258,107	63,550	1,014,508
Short positions	(18,506)	(9,588)	(2,647)	(30,741)
Creditors	(106,526)	(12,652)	(53)	(119,231)
	<hr/>	<hr/>	<hr/>	<hr/>
Currency mismatch	1,207,922	317,835	139,850	1,665,607
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS for the period year 31 DECEMBER 2009
(continued)**

23 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital

The Company defines capital as being share capital plus reserves. Management monitors the level of capital as compared to the Company's long term debt commitments and adjusts the ratio of debt to capital as is determined to be necessary, by issuing new shares.

However, the above objective must be achieved in accordance with guidelines set by the FSA, the regulator for the Company. The FSA sets out the requirements for the Company in respect of the minimum level of capital it must hold at any point. In pursuing its primary objective the Company also ensures that it is compliant with the FSA requirements. Accordingly, the Company was in compliance with the capital requirements set by the FSA throughout the year.

In calculating capital, the Company's capital is analysed into tier 1 capital. Tier 1 capital is the core measure of a Company's financial strength from a regulator's point of view. It consists of the types of financial capital considered the most reliable and liquid, primarily being shareholders' equity.

The Company's Tier 1 capital consists of share capital and retained earnings.

The Company's Regulatory position is set out below. There have been no changes in the Company's management of capital during the year.

	2009 £	2008 £
Called up share capital	500,000	500,000
Profit and loss reserve	1,569,609	552,564
	<hr/>	<hr/>
Total tier 1 capital and regulatory capital	2,069,609	1,052,564
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